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- A-1 No one wished to be heard during the Open Comment Period.
- B-1 President John Hunziker called the meeting to order at 7:00 PM with the following members present: Councilmembers Jean McConnell, Sandra Means, Bob Nowicki, Walter Stobaugh. Absent: Councilmembers Dennis Hanson and Marcia Marcoux. Also present: Mayor Ardell F. Brede.
- C-1 Rene Lawson, 430 Fifth Street S.W., had requested to be heard regarding a sidewalk repair assessment. Mr. Lawson was not in attendance.
- C-2 Councilmembers Stobaugh moved, McConnell seconded, to adopt Resolution No. 001-04 referring the petition from BCD Enterprises, LLC for Extension of Sanitary Sewer to Serve Barony Woods Addition to the Public Works Department for a feasibility report. Ayes (5), Nays (0). Motion carried.
- D-1 The following is the State of the City Address by President John Hunziker.

2004 ADDRESS TO THE PEOPLE OF ROCHESTER
JOHN HUNZIKER, COUNCIL PRESIDENT

Good evening ladies and gentlemen, thank you all for coming out this evening to share your views as we discuss the business of the City of Rochester.

The city staff, Mayor Brede and I, have through discussions, focused on twelve major issues that we believe will impact the City of Rochester in 2004. I will share some thoughts on six of the issues.

DM&E Railroad. The City and other opponents of the DM&E Coal Train Project had some historic success with the 8th Circuit Court of Appeals decision, which remanded the STB's Order on several different aspects. First, the Federal Court made it clear that DM&E, and not the City, should be responsible for the costs associated with overpasses and other forms of mitigation. Second, the City prevailed on two of the issues that we raised relating to the lack of mitigation for train noise and the combined impacts of noise and vibration. The remand on these issues may secure noise mitigation for more than 1500 residences in Rochester, which were not protected under the original STB order. The City has also filed an appeal to secure a re-hearing before the full 8th Circuit Court of Appeals relating to several other issues that we raised for which the three-judge panel did not remand the STB Order. Your City Council continues to believe that the City, its major employers, and its economy will be severely damaged if coal train traffic comes through Rochester. We remain hopeful that we can have continued success in mitigating the damage from this project to Rochester through the legal and the STB remand process.

Wastewater Treatment Plant and Trunk line Expansions. The capacity of the City's Wastewater Treatment Plant is limited. Our existing development and all the new growth has reached a point that the existing daily plant capacity will be reached. In 2004, the City will be planning an expansion of the Treatment Plant, together with some major trunk line improvements. A plan to expand the plant and

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a plan to finance the costs will be developed and considered in 2004. The last major addition of the Wastewater Treatment Plant occurred in 1982.

Lease/Lease-Back. One potential option that would provide some funding to help pay the costs of the above mentioned treatment plant expansion and other wastewater and water infrastructure needs is the lease/lease-back proposal that was discussed on a preliminary basis in 2003. Under this proposal the City would lease the current water and wastewater infrastructure to large investors for tax depreciation credit purposes. The City will be considering this proposal in 2004 if it can be determined that it will not have any significant risk for our taxpayers and ratepayers and provided that it can be structured in total conformance with federal tax regulations.

Storm water Management. In 2004 the City will be implementing its storm water management program. This program is mandated by the federal government and will be implemented by the City to assist in improving the quality of the water in area streams.

Affordable Housing. The City continues to provide leadership and support for affordable housing efforts in the Rochester area. The City is providing funding for the First Homes program in 2004 and is also involved in providing financial assistance of \$10,000 per unit, from tax increment financing funds, to first-time homebuyers as a companion to the First Homes programs. The City has assisted several hundred homeowners and renters with this assistance over the last few years.

Land Use and Annexation. The City has been attempting to reach reasonable agreements and accommodations with surrounding townships to address growth, annexation, and water quality protection needs. In 2003, the City reached a significant agreement with Kalmar Township for an Orderly Annexation Agreement covering 2600 acres. We also reached an agreement with Olmsted County, Marion Township, and the Chester Heights property-owners to make arrangements for a sanitary sewer force main to correct failing septic systems in Chester Heights. The City also continued making progress on the Water Quality Protection Program under which we are using \$22.5 million in sales tax funding to subsidize and extend City water and sanitary sewer service to Township subdivisions with failing well and septic systems. In 2004, we hope to have Orderly Annexation Agreement discussions with several other townships that surround Rochester.

While we attempt to reach reasonable agreements, the City also is mindful that at times it also needs to defend the right of the City to grow in an efficient urban manner that is needed to support the Rochester economy. We remain concerned about a serious lawsuit that some area townships filed against Olmsted County that would overturn County zoning for land outside the Rochester City limits. The City will support the County in defending County zoning authority as this case progresses.

All of the issues I have spoken to above and the issues Mayor Brede will speak to, will continue to require that the City work in partnership with the Olmsted County

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	<p>elected officials, the Township elected officials, the Chamber of Commerce, RAEDI and the Mayo Clinic to ensure that the City and the surrounding area continues to grow and prosper.</p> <p>Finally, I wish to express my thanks and appreciation to the City staff and the Council Members for the countless hours, which they spend, tending the affairs of the City. I believe that I speak for the entire Council when I say, we are your representatives and we can accomplish anything if we work together as a community.</p> <p>Thank you.</p>											
D-2	<p>Councilmembers McConnell moved, Means seconded, to adopt the following resolutions:</p> <p>Resolution No. 002-04 – Robert Rules of Order for the conduct of business by the Council.</p> <p>Resolution No. 003-04 – Rules and Regulations for Order of Business of the Council.</p> <p>Resolution No. 004-04 – Establishing Committees of the Common Council, Prescribing their Functions and Duties, and Providing Appointment to Members of Subcommittees.</p> <p>Resolution No. 005-04 – Order of Succession to Discharge the Duties of the Councilmember-At-Large in the Event of Absence or Disability.</p> <p>Ayes (5), Nays (0). Motion carried.</p>											
D-3	<p>The following Annual Appointments to Various Committees were made by President Hunziker.</p> <table><tr><td><u>ROCOG</u> Mayor Brede Nowicki Marcoux McConnell Means</td><td><u>BOARD OF EQUALIZATION</u> Stobaugh, Chair McConnell Means</td><td><u>RAEDI</u> Hanson Marcoux</td></tr><tr><td><u>CONVENTION BUREAU</u> Hunziker Hanson</td><td><u>PASC</u> Means McConnell</td><td><u>HRA</u> Marcoux</td><td><u>RPU</u> Hunziker</td></tr><tr><td><u>AIRPORT COMMISSION</u> Mayor Brede Hunziker</td><td><u>ENVIRONMENTAL</u> Nowicki</td><td><u>YOUTH COMMISSION</u> Nowicki</td><td></td></tr></table>	<u>ROCOG</u> Mayor Brede Nowicki Marcoux McConnell Means	<u>BOARD OF EQUALIZATION</u> Stobaugh, Chair McConnell Means	<u>RAEDI</u> Hanson Marcoux	<u>CONVENTION BUREAU</u> Hunziker Hanson	<u>PASC</u> Means McConnell	<u>HRA</u> Marcoux	<u>RPU</u> Hunziker	<u>AIRPORT COMMISSION</u> Mayor Brede Hunziker	<u>ENVIRONMENTAL</u> Nowicki	<u>YOUTH COMMISSION</u> Nowicki	
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<u>AIRPORT COMMISSION</u> Mayor Brede Hunziker	<u>ENVIRONMENTAL</u> Nowicki	<u>YOUTH COMMISSION</u> Nowicki										

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DOWNTOWN DEVELOP

Hanson
Hunziker

PERSONNEL ADVISORY

Hanson, Chair
Nowicki
Stobaugh

JOINT EMERGENCY
MANAGEMENT

Stobaugh
Means

Councilmembers Nowicki moved, Stobaugh seconded, to approve the Annual Appointments to Committees. Ayes (5), Nays (0). Motion carried.

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The following State of the City Address was given by Mayor Ardeall F. Brede.

2004 State of the City – CSI: Rochester (City Status Illuminated)
January 5, 2004
Mayor Ardeall F. Brede

Good evening! Let me first say what an honor it is to serve this great city as your mayor. The office is everything I expected-----and more. Many have asked over the past year, "Do you like it?" and "Any surprises?" I not only like it but love it! Senator Dave Senjem (and former council member) perhaps said it best when asked the same question: "If you didn't love it you would hate it", and I love it.

As for surprises I have had four----all positive

1. Respect/value people have for the office of Mayor. This is not an "Ardeall Brede" respect but genuine respect for the office. It's a humbling experience when children (and adults) want their picture taken with the mayor or an autograph....or are honored to have "The Mayor" at their event. This is especially true with our international community.
2. Speaking of events: the number of events/visits/meetings/appearances; over 1000 in 2003 (1028 give or take a dozen). Of course, not all are in the Mayor's Office or occur Monday-Friday, 8-5 pm. I say this as fact, not as a complaint. I hope I have represented you well and you've been proud of your city.
3. Signatures: the hundreds of documents, letters, contracts, licenses, ordinances etc. needing the Mayor's signature is overwhelming--- and that's not counting the ones that an electronic signature can be used.
4. Number 4 shouldn't have been a surprise but to some degree it was; just one day after I had been in office about 3 months it hit me. "You're always the Mayor". Whether having breakfast at the Brothers on Saturday morning with Judy, my wife or at a Gopher athletic event in the Twin Cities. Often times being recognized or addressed as Mayor by people I don't know.

Judy says, "for a part-time job I don't see you very much!" But it's great representing Rochester, not only at home but also at:

- US Mayor's Conference in Washington DC and Denver where I'm on 2 standing committees; Energy and International Affairs and the Homeland Security Taskforce.
- National League of Cities in Washington DC and Nashville
- Minnesota Mayors Conference in Duluth
- League of Minnesota Cities in St. Cloud (Hazama)

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In addition I've been honored to work with Senator Norm Coleman. First, being asked to represent Rochester as Mayor at a Hearing before the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs – US Senate. Senator Coleman chairs the subcommittee and Senator Susan Collins (Maine) the committee. I and Steve Leque, Rochester International Airport Manager were 2 of 9 people testifying at the hearing on "How are state and local officials coping with new levels of threat. i.e. homeland security.

And secondly, Senator Coleman has formed the Mayor's Regional Housing Taskforce. This advisory group has met to discuss, Life Cycle (affordable) housing, costs of developing homes, water treatment and other issues. I've been impressed that the Senator has asked for input from Rochester.

Certainly, in my opinion, the biggest story in 2003 was the Budget --- State and local. Rochester received a Local Government Aid (LGA) cut of \$3.4 million from our adopted 2003 Budget. The City and its departments had taken immediate action early in 2003 to reduce staffing and expenses in anticipation of a cut, never expecting a cut of that magnitude. We eliminated 4 positions and held open 14.5 positions that became vacant due to attrition. Since 1993 our population has increased 20% (76,060 ----92,000) while employees/1000 population has decreased over 4% (7.03----6.75). Many physical indicators: miles of streets, sidewalks and sewer have increased more than 50% in that same time frame.

While some services have been reduced, we've tried to minimize the impact. I've been very impressed with the commitment and dedication of our city staff. They are hard-working and efficient. This is not to say continuous improvement is not necessary, but they are good and I want to recognize that.

For 2004, Rochester received an additional \$3.6 million cut in LGA. Budgets have again been cut, fees have been added in some cases and there's been a slight increase in property taxes to address this reduction in State Aid.

LGA has been, by some, likened to a "hand-out". I really resent that, as Rochester generates (like other cities) revenue that is sent to the State of Minnesota. Based on a formula we receive about 2/3's of it back. That's like having money (let's say \$100) put in your bank account and then when you go to the ATM to withdraw you get about \$65 back. None of us would be happy with that deal.

I had the valuable experience of going to the legislature several times with Gary Neumann and former Supreme Court Chief Justice Sandy Keith----we went not to grovel but to point out the great investment it is for the State of Minnesota to share equitably with us.

Governor Pawlenty has a great quote that I've heard him use more than once regarding the State of Minnesota seeking investors. "It's a sad dog that can't wag its own tail."

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Rochester needs to do that---we have and will do it again at the 1st Annual "Rochester on Tour at the Capital", February 25, 2004. We will wag our tail to be sure---and we have a pedigree to boot.

Economic Development – Exactly one month after I was sworn in – February 6 – Celestica announced it was closing; 800 jobs lost. However, towards the end of the year there have been favorable developments that we believe will improve our economy for 2004. The city worked with JDS Uniphase Company, which led to a new facility being built in the City Industrial Park – 100 good jobs for the community.

In addition, the City, working with our legislators, RAEDI and the Chamber of Commerce successfully worked with the Governor's office and the Department of Employment and Economic Development (DEED) to place the former Celestica building and 11 vacant acres of land into the States new JOBZ Program. The tax incentives provided we hope will lead to new jobs being created.

And just announced are the BioScience zones approved for Rochester, Minneapolis and St. Paul, again working with Governor Pawlenty and Matt Kramer commissioner of DEED, RAEDI and the Chamber of Commerce. Tax incentives for bioscience industries will grow jobs and increase our tax base. These potential start-up companies will create and enhance the environment around the Mayo Clinic/University of Minnesota partnership. I don't think any of us fully realize the significant impact this partnership can be for not only Rochester but, indeed the State of Minnesota.

Downtown Development: With the uncertain status and decline in business at the Galleria in downtown there is reason for concern. However, we are making positive steps to address the situation. Broadway Plaza building is topped off and will be a major new addition to downtown. The new Rochester Art Center, significant expansion of the Post-Bulletin facilities and new sanctuaries for churches near downtown are also positive developments.

The City Council and Mayor Canfield formed the Downtown Advisory Task Force to develop a new plan to move our downtown forward. With the hiring of a consultant I'm looking forward to his bringing a plan to us this year. I was encouraged after attending a couple of seminars at the recent National League of Cities, on downtown development, that the consultant chosen is consistent with what I learned. Suburban stores/malls may be the revenue engine for a community but downtown/main street is its heart and soul.

We all know Mayo Clinic is a unique medical center with half of its patients coming from outside the region. The Quality of Care received at Mayo is the primary reason to come, however the experience patients/visitors receive is of vital importance. A safe, clean environment and a vibrancy will enhance the overall experience. The Mayo/City Partnership that has existed for 140 years will continue and be enhanced.

Community Growth and Development: We continue to grow. Despite a downturn at a few industries, the number of new housing units constructed in 2003 (1155)

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was one of the highest on record, following a very high year in 2002 (1254). While this growth is awesome and positive it poses challenges.... specifically the demand for additional infrastructure! New overpasses and construction related to highways such as Highway 52 and 63. Additional arterial roads are also very costly. We have instructed the Public Works Department to form a task force to review roadway funding options. The City has discussed seeking an extension of our local sales tax to secure sales tax funding for major City and County roadways which would help offset increased property tax funding.

We support the efforts of the Greater Rochester Area University Center and have invested in it. GRAUC is determined in this next legislative session to secure \$11.75 million for the UCR Health Sciences renovation through a bonding request. GRAUC and the City want to see the continued growth of the University of Minnesota-Rochester and will work together towards that end.

Cascade Lake: In 2003 the City formed the Cascade Lake Advisory Committee to help develop a master plan for a major recreational area at Cascade Lake. Significant progress is being made with a report and committee recommendation to be completed in 2004. The mining of the area/lake is proceeding and we hope to make annual progress in making this one of the premier park and recreational facilities in SE Minnesota. As a member of this Advisory Committee I am impressed that, not only are landscape aspects of the park being discussed but even more attention is being given to water quality. As we celebrate our Sesquicentennial in 2004, I would predict that those citizens of Rochester celebrating the Bicentennial in 2054 will praise the efforts being directed towards the creation of this park.

ROC 52: We've all experienced the work being done on Highway 52 through our City, in one degree or another. My hat is off to the managers and workers on this project. The progress has been awesome. Yes there was some noise (notably jack hammering of the Mayowood Bridge) and there were concerns over getting to Apache Mall (which didn't materialize – and resulted in a store thank you) and other nuisances, but all in all it was a great beginning aided by wonderful road construction weather!

Transportation: Certainly, Highway 52 expansion and overpasses on 52 and 63, will allow people to navigate in through and around Rochester but we need to be mindful of the potential range of transportation options for visitors and patients coming to Mayo Clinic. Adequate air connections by Northwest, American Airlines and potentially other carriers needs to be considered for additional or better connecting flights. Our airport is positioned to meet the needs and desires of our visitors and business travelers.

I have been an active participant in the future of a Statewide air strategy for both cargo and passengers. And we continue to look to the future for a possible high speed link between Minneapolis/St. Paul and Rochester. Planning for this eventuality has begun and needs to continue even though implementation may be decades into the future.

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Other Matters: I will continue to work on and be an advocate for all types of diversity "It's all about respect." The richness that diversity brings to our community must be valued and, indeed, exploited. I want to involve youth in government, certainly through the Youth Commission and perhaps a Mayor's Youth Council....Rochester MTV? (Mayor's Teen Volunteers?)

And finally, let me say again, Thank you for the opportunity to serve as your Mayor. Thanks, also again, to our dedicated and committed staff: from Police Officers and Firefighters who keep our city safe, to the people who keep city hall sparkling – they're all valuable. A special thanks to Donna Bussell, my assistant, who has had to tolerate my idiosyncrasies and patiently guide me through this first year. She's a most valuable associate.

Thanks to the council members who serve tirelessly and do their homework. We may not all agree on every issue (and that's not bad) but each are dedicated to making Rochester better.

I have enjoyed working with members of the media. They have their job to do and I believe do that well to keep the public informed. (illuminated).

We have major challenges ahead but I am confident Rochester will continue to be a number one city and one of the most livable cities in America.

Thank you, Happy New Year and Happy Birthday Rochester.

Ardell F. Brede

Ardell F. Brede, Mayor

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Councilmembers McConnell moved, Means seconded, to adopt Resolution No. 006-04 designating the Rochester Post Bulletin as the official newspaper to publish the official printing and advertising of the City of Rochester for the official year commencing January 5, 2004, at the rate established by the statutes of the State of Minnesota for legal publications. Ayes (5), Nays (0). Motion carried.

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Councilmembers Nowicki moved, Stobaugh seconded, to adopt the following financial resolutions:

Resolution Nos. 007-04, 008-04, and 009-04 – Designating US Bank Rochester and Wells Fargo Bank Rochester as depositories of the public funds of the City of Rochester, Minnesota.

Resolution No. 010-04 – Authorizing the City's General Account and Rochester Public Utilities Account to bear the facsimile signatures for checks written against the account.

Resolution No. 011-04 – Authorizing the City Treasurer to execute documents which pledge and release securities as collateral and to accept collateral in lieu of a depository bond.

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	Ayes (5), Nays (0). Motion carried.
D-7-30	Councilmembers Stobaugh moved, Nowicki seconded, to approve the following consent agenda items.
D-7	Approved the minutes of the December 15 and 22, 2004, Council meetings.
D-8	Approved the appointment of David Nelson, Chris Colby, and Jerry Balm for three-year terms to the Library Board ending January 1, 2007.
D-9	Approved the appointment of Richard Landwehr to the Rochester Public Utilities Board for a four-year term ending January 2008.
D-10	Approved the 2004 Annual Compensation for the Mayor and City Council as: <div style="margin-left: 40px;"> <p>Mayor \$30,600</p> <p>Council President \$22,546</p> <p>Councilmembers \$17,644</p> </div>
D-11	Adopted Resolution No. 012-04 approving and authorizing the termination of the Development Assistance Agreement with CED (MN) QRS 14-40, INC. (Celestica Project).
D-12	Approved the request of PossAbilities of Southern Minnesota to hold a skyway golf tournament on February 7, 2004, subject to five conditions as outlined in the Request for Council Action dated January 5, 2004.
D-13	Adopted Resolution No. 013-04 approving the professional services agreement with ACSG, Inc., the bid advertisement and all other documents for Phase #1 of Improvements to Existing Pavements and Extend Runway 13-31.
D-14	Adopted Resolution No. 014-04 approving the professional services agreement with McGhie & Betts not to exceed \$184,100, the State Aid agreement, the bid advertisement and all other documents for Phase #1 of Improvements to Existing Pavements and Extend Runway 13-31.
D-15	Approved the following licenses and miscellaneous activities: <div style="margin-left: 40px;"> <p><u>Off-Sale 3.2% Beer</u></p> <p>Tejano Grocery, 815 Fourth Street SE</p> <p><u>Gambling – Temporary</u></p> <p>Rotary Club of Rochester Foundation – Raffle at Best Western Apache – May 13, 2004</p> <p>Ben Franklin PTSA – Raffle – February 26 and May 7, 2004</p> <p>Hiawatha Valley Chapter – National Wild Turkey Federation – Raffle at Radisson Centerplace Hotel – February 21, 2004</p> </div>

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	<p style="text-align: center;">Rocky Mountain Elk Foundation – Raffle at Radisson Plaza Hotel – February 7, 2004. Aldrich Memorial Nursery School – Raffle – May 1, 2004.</p> <p><u>Heating Contractor</u> Larry Kilgore Repair, Rose Creek</p> <p><u>Master Installer</u> Larry Kilgore, Rose Creek Rashid Kidir, Rochester Shannah Eitter, Ames, Iowa</p> <p><u>Liquor – Temporary On-Sale</u> Rochester Public Library – Fundraiser – January 17, 2004</p> <p><u>Miscellaneous City Activities</u> Melvin Greenlee, Chatfield – Wedding Carriage – January 10, 2004 – 4:30-6:30 PM</p>
D-16	Approved the location change for the On-Sale Exclusive and Sunday Liquor License for The Sandtrap from 1618 Highway 52 North to 3342 19 th Street N.W. effective February 1, 2004, pending the required fees, insurance certificates, and departmental approvals.
D-17	Approved On-Sale and Sunday Intoxicating Liquor Licenses for Beetles Bar & Grill, Inc. at 230 20 th Avenue S.W. effective May 1, 2004, pending the required fees, insurance certificates, and departmental approvals.
D-18	Approved Exclusive On-Sale and Sunday Intoxicating Liquor Licenses for MCW of Rochester, Inc. DBA Mickey's Irish Saloon at 1605 Civic Center Drive N.W. with a scheduled opening of March 1, 2004, pending the required fees, insurance certificates, and departmental approvals.
D-19	Approved On-Sale Wine and 3.2% Malt Liquor Licenses for A&E Plus, Inc. dba Dunn Bros. Coffee at 120 Elton Hills Drive N.W. with a tentative opening date of February 15, 2004, pending the required fees, insurance certificates, and departmental approvals.
D-20	Approved Accounts Payable in the amount of \$8,718,689.32 and Investment Purchases of \$8,993,945.00.
D-21	Adopted Resolution No. 015-04 closing completed tax increment projects and authorizing the necessary fund transfers pursuant to the City Charter, Section 11.10.
D-22	Adopted Resolution No. 016-04 closing completed improvement projects, or completed phases within specific projects, and transferring unexpended balances pursuant to the City Charter, Section 11.10 and to transfer the stated amounts to fund active projects listed.

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D-23	Approved the appointment of Brennan Kelly to the position of Captain in the Rochester Fire Department effective January 8, 2004.
D-24	Adopted Resolution No. 017-04 approving the ROCOG 2004-2005 Cooperative Agreement for Transportation Planning Services between the City of Rochester and Olmsted County.
D-25	Adopted Resolution No. 018-04 approving entering into a Grant-Reimbursement Agreement with the Minnesota Financial Crimes Task and approving the Mayor, City Clerk and Chief of Police to sign the agreements.
D-26	Adopted Resolution No. 019-04 authorizing an engineering services agreement with Bonestroo, Rosene, Anderlik & Associates, Inc. in the amount of \$16,214 for Project No. J-4001 "Design Rocky Creek Stabilization Improvements".
D-27	Adopted Resolution No. 020-04 accepting participation by South Eastern Engineering Building, 19 th Street Business Park West LLC, and Rochester Services Building in the City's Regional Storm Water Management Program.
D-28	Adopted Resolution No. 021-04 approving execution of the City/Owner Contract with Jeff R. Harcey & Mary A. Harcey and Swenke Company for Project No. J-5116 "Storm Sewer to Serve Lot 2, Block 1, Airport Industrial Park Second".
D-29	Adopted Resolution No. 022-04 amending the Comprehensive Traffic and Parking Resolution Book to add paragraph 9 to Section M "Neighborhood Traffic and Parking Control" as follows: <div data-bbox="451 1245 1369 1318" style="margin-left: 40px;">9) 6th Street SE eastbound at 5th Avenue SE, No Left Turn 3PM to 4PM School Days.</div>
D-30	See at end of D Items.
D-31	Approved the appointment of Stacy Jahraus to the Olmsted County Housing & Redevelopment Authority for the period ending December 2006. Ayes (5), Nays (0). Motion carried.
D-30	Councilmember McConnell commented on rate increases, both now and in the future. He said that he had no objection to the electric and water increases for 2004 in view of the fact that there were no increases in 2003. He said that he worries about future increases because of the Post Bulletin headline article of December 31 st , 2003. The article "RPU intends to build it's reserves to \$20 million in five years". This would mean additional rate increases in future years. Larry Koshire, Public Utilities General Manager, said that the RPU Board looks at the expenses and revenues each year. The long-term forecast shows continued growth in the community and continued pressure on the rates that could mean that

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	<p>reserves fall below dangerous levels. Rate increases will be determined by what wholesale power costs are in the future, city growth and how RPU has to meet the growth.</p> <p>Adopted the following Public Utility Resolutions:</p> <p>Resolution No. 023-04 approving an insurance agreement with Starr Technical Risks Agency, Inc. for All Risk Property Insurance for the period December 31, 2003 to December 31, 2004 at a cost of \$566,197.00.</p> <p>Resolution No. 024-04 approving an insurance agreement with the League of Minnesota Cities Insurance Trust for Commercial Automobile and General Liability Insurance for the period of December 31, 2003 to December 31, 2004 at a cost of \$104,846.00.</p> <p>Resolution No. 025-04 approving an insurance agreement with Associated Electric and Gas Insurance Services, Ltd. (AEGIS) for Excess General Liability Insurance for the period of December 31, 2003 to December 31, 2004 at a cost of \$68,149.00.</p> <p>Resolution No. 026-04 approving an agreement with IBM for Standby Electric Service for B020/EG#1.</p> <p>Resolution No. 027-04 approving the 2004 Rochester Public Utility electric and water capital and operating budgets.</p> <p>Resolution No. 028-04 approving a 3% increase in electric rates effective January 6, 2004.</p> <p>Resolution No. 029-04 approving a 4% increase in the Water Service (WRT) rate tariff.</p> <p>Ayes (5), Nays (0). Motion carried.</p>
E-1	<p>A Hearing to Obtain Public Comment On the Proposed Charter Amendment Relating to the Holding of A Special Election for A Vacant City Office.</p> <p>Having no one wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Nowicki moved, Stobaugh seconded, to approve the Charter Amendment Relating to the Holding of A Special Election for A Vacant City Office and instructed the City Attorney to prepare the required ordinance for adoption. Ayes (5), Nays (0). Motion carried.</p>
E-2	<p>A Hearing on Type III, Phase II Incentive Development Preliminary Plan #03-50 and Variance #03-26 by Carpenter & Torgerson II, LLC to develop a hotel located along the north side of 2nd Street SW, along the west side of 13th Avenue SW and along the south side of 1st Street SW.</p>

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Wishing to be heard was John Hafner, Waters Edge Architectural Group, Willmar, representing the developer. They have worked with the Kutzky Park Neighborhood Association on the project. Because of the changes that have been suggested by the neighborhood, the hotel will become a Marriott Inn rather than a Hampton Inn. The Inn will be bridging the alley on the north side of the building and putting a portion of the building on the north side of the alley. The first and second floors of the building on the north will be parking ramp with rooms on the top floor and across the alley structure. He noted agreement with the 12 conditions.

Mitzi Baker, Planning Department, reminded the Council that the applicant is asking for two variances; i.e., one on setback along Second Street S.W. and one on the total amount of wall signage. The project is 358+ feet in excess of the signage requirement for the building.

Wishing to be heard was Stephanie Kilen, 821 First Street S.W., President of the Kutzky Park Neighborhood Association. She noted that the developer and the architect have worked very hard with the Neighborhood Association to develop the project and wanted to thank them for the opportunity to input into the structures.

Having no one further wishing to be heard, President Hunziker closed the hearing.

Councilmembers Nowicki moved, Stobaugh seconded, to adopt Resolution No. 030-04 approving Incentive Development Preliminary Plan #03-50 by Carpenter & Torgerson II, LLC with 12 conditions. Ayes (5), Nays (0). Motion carried.

Councilmembers McConnell moved, Nowicki seconded, to adopt Resolution No. 031-04 approving Variance #03-26 by Carpenter & Torgerson II, LLC to the setback along Second Street S.W.. Ayes (5), Nays (0). Motion carried.

Mitzi Baker, Planning Department, said that in the B-1 Zoning District the project would be allowed to have 50 square feet of wall signage with an additional 17.5 square feet because the project is along an arterial road for a total of 67.5 square feet. The development is asking for 426 square feet. The existing Springhill Suites on Second Street has a total of 147.45 square feet for signage. The square footage exceeds the amount for B-1 but the City Council found that to be a reasonable amount given its unique location.

Wishing to be heard was Tom Torgerson, Waters Edge Architectural Group, Willmar, representing the developer. He said that the Planning Commission did not rule on the signage issue at the first hearing as they treated it the same as the Springhill Suites project and included it in the Incentive Development Plan. At the second hearing, the Planning Commission decided to treat the signage as a separate variance. Mr. Torgerson said that the ordinance doesn't take into account the size of the building which will be the largest, other than St. Mary's Hospital, in this area. The ordinance treats a flower shop the same as this hotel. The Marriott by-line is an important part of the logo. The Kutzky Neighborhood Group had no problem with the signage. There will be three signs on only the commercial frontages of the building. Mr. Torgerson said that the signs are attractive, very proportionate to the project and do not set a bad precedent.

Agenda Item	
	<p>Councilmembers Stobaugh moved, Nowicki seconded, to adopt the Resolution (included in Resolution No. 031-04) approving the variance for the signage at 426 square feet. Ayes (5), Nays (0). Motion carried.</p>
	<p>Councilmembers McConnell moved, Nowicki seconded, to waive the Final Plan for Incentive Development Preliminary Plan #03-50 by Carpenter & Torgerson II, LLC. Ayes (5), Nays (0). Motion carried.</p>
E-3	<p>A Hearing on Zoning District Amendment #03-22 to rezone from R-1 to B-4 and R-1x land located West of TH63, south of TH52 and Southtown Heights and north of 36th Street SW.</p> <p>The applicant has requested that Items E-3 and E-4 be continued to January 21, 2004, to allow them more time to address staff concerns. They agreed to waiver of the 60-day rule.</p> <p>Councilmembers McConnell moved, Stobaugh seconded, to continue to January 21, 2004, Zoning District Amendment #03-22 and General Development Plan GDP) #219 to be known as Spring Brook Valley. Ayes (5), Nays (0). Motion carried.</p>
E-4	<p>A Hearing on General Development Plan GDP) #219 to be known as Spring Brook Valley located West of TH63, south of TH52 and Southtown Heights and north of 36th Street SW.</p> <p>Continued to January 21, 2004. See Item E-3.</p>
E-5	<p>A Hearing on Amendment to the Arboretum Special District (SD #1) by Cordul Establishment and Michael Younge to add land to the special district located north of 41st Street, East of Arboretum Drive.</p> <p>Wishing to be heard was Wade DuMond, Yaggy-Colby, representing the applicant. He noted agreement with all conditions.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers McConnell moved, Stobaugh seconded, to approve Amendment to the Arboretum Special District (SD #1) by Cordul Establishment and Michael Younge. Ayes (5), Nays (0). Motion carried.</p>
E-6	<p>A Hearing on Amendment to the Arboretum General Development Plan #83 by Cordul Establishment and Michael Younge and amend the General Development Plan to designate property for commercial and to approve the Substantial Land Alteration located north of 41st Street, East of Arboretum Drive.</p> <p>It was noted that the developer's representative, when providing testimony under Item E-5, indicated agreement with all of the conditions for the General Development Plan.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p>

Agenda Item	
E-7	<p>Councilmembers Nowicki moved, Means seconded, to adopt Resolution No. 032-04 approving the Amendment to the Arboretum General Development Plan #83 by Cordul Establishment and Michael Younge with nine conditions and instructing the City Attorney to prepare Findings of Fact, Conclusions of Law, and Order. Ayes (5), Nays (0). Motion carried.</p> <p>A Hearing on Incentive Development Conditional Use Permit #03-60 by Volunteers of America on land located along the north side of 55th Street NW and along the west side of 18th Avenue NW.</p> <p>Wishing to be heard Was Kirk Velett, Insite Architects, Minneapolis, representing the developers. Mr. Velett said that they are in agreement with the three conditions. He said that changes have been made to the plans to move the two-story buildings out of the R1x zoning district</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers McConnell moved, Nowicki seconded, to adopt Resolution No. 033-04 approving Incentive Development Conditional Use Permit #03-60 by Volunteers of America with three conditions. Ayes (5), Nays (0). Motion carried.</p>
E-8	<p>A Hearing on Amendment to General Development Plan #132 known as Volunteers of America Senior Housing by Volunteers of America located along the north side of 55th Street NW and along the west side of 18th Avenue NW.</p> <p>Wishing to be heard Was Kirk Velett, Insite Architects, Minneapolis, representing the developers. He was available for questions. He also noted agreement with the six conditions.</p> <p>Wishing to be heard was Tom Walker, 5709 22nd Avenue N.W., asked that the changes in where the homes will be located be shown. Mr. Velett said that originally there was a three-story building of 144 units and seven four-plex units on the west side of the ponds. The larger building has been moved and will be on the east side of the ponds. There is no building over two stories on the west side of the ponds.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Stobaugh moved, McConnell seconded, to approve Amendment to General Development Plan #132 known as Volunteers of America Senior Housing by Volunteers of America with six conditions and instructed the City Attorney to prepare Findings of Fact, Conclusions of Law, and Order. Ayes (5). Nays (0). Motion carried.</p>
E-9	<p>A Hearing on Zoning District Amendment #03-26 by Larry Brown and L.B. Electric to rezone from the H-Holding Zone to R-1 land located along the south side of TH 14, east of 40th Avenue S.E.</p>

Agenda Item	
	<p>Wishing to be heard was Travis Tegethoff, Yaggy-Colby Associates, representing the developer. He was available for questions from the Council.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Stobaugh moved, Nowicki seconded, to approve Zoning District Amendment #03-26 by Larry Brown and L.B. Electric and instructed the City Attorney to prepare the required ordinance for adoption. Ayes (5), Nays (0). Motion carried.</p>
E-10	<p>A Hearing on Restricted Development Conditional Use Permit #03-61 and Substantial Land Alteration, by Larry Brown and L.B. Electric on property located along the south side of TH14, east of 40th Avenue SE.</p> <p>Wishing to be heard was Travis Tegethoff, Yaggy-Colby Associates, representing the developer. He noted agreement with the seven conditions.</p> <p>Mitzi Baker, Planning Department, stated that Condition #3 should be removed. The Planning Commission dropped the condition.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers McConnell moved, Nowicki seconded, to adopt Resolution No. 034-04 approving Restricted Development Conditional Use Permit #03-61 by Larry Brown and L.B. Electric with six conditions and Resolution No. 035-04 approving the Substantial Land Alteration. Ayes (5), Nays (0). Motion carried.</p>
E-11	<p>A Hearing on Zoning District Amendment #03-23 by Kelly and Kristi Madson to rezone property from H-Holding to B-4 on property located east of 40th Avenue SE and south of TH14 East.</p> <p>Wishing to be heard was Josh Johnson, McGhie & Betts, representing the developer. He noted agreement with the staff-recommended conditions. He said that MnDot will look at the construction of the driveway.</p> <p>Mike Nigbur, Public Works Department, said that the relocation of Kelly Lane will need to align with the access for this development. There is no development plan for the frontage road from MnDot or where it will be relocated to.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Stobaugh moved, McConnell seconded, to approve Zoning District Amendment #03-23 by Kelly and Kristi Madson and instructed the City Attorney to prepare the required ordinance for adoption. Ayes (5), Nays (0). Motion carried.</p>
E-12	<p>A Hearing on General Development Plan #220 by Kelly and Kristi Madson on property located east of 40th Avenue SE and south of TH14 East.</p>

Agenda Item	
E-13	<p>It was noted that the developer's representative, when providing testimony under Item E-11, indicated agreement with the seven conditions.</p> <p>Having no one wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Stobaugh moved, Nowicki seconded, to approve General Development Plan #220 by Kelly and Kristi Madson with seven conditions and instructed the City Attorney to prepare Findings of Fact, Conclusions of Law, and Order. Ayes (5), Nays (0). Motion carried.</p> <p>A Hearing on Restricted Development Preliminary Plan #03-57 by Clint and Shelly Tagtow on property located along the east side of Marion Road at 1600 Marion Road SE.</p> <p>Having no one wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmember McConnell said the Planning Commission denied the Plan on a split vote. Upon examination of the area, Councilmember McConnell said that there is plenty of room and he would be voting in favor of the Plan.</p> <p>Phil Wheeler, Planning Department, said that 65.320 is the section of the ordinance on expansion of non-conforming uses. The difference between a multi-family dwelling on this site and a motel on this site is important. The ordinance allows for the expansion of a residential use in a residential district but does not allow for the use of a non-residential use in a residential district. President Hunziker asked if the use could be approved without rezoning. Mr. Wheeler answered no.</p> <p>Council consensus was to re-open the hearing to take testimony.</p> <p>Wishing to be heard was Avery Tagtow, 3427 Lake Street N.W., representing the owners of the motel. He asked that staff and Council tell him how to proceed to be able to add the additional space to the dwelling. He said that he would be willing to take one of the existing rooms and turn it into the laundry and make the existing garage into another room.</p> <p>Councilmembers Stobaugh moved, Nowicki seconded, to continue the hearing on Restricted Development Preliminary Plan #03-57 by Clint and Shelly Tagtow to the January 21, 2004, meeting. Ayes (5), Nays (0). Motion carried.</p>
E-14	<p>A Hearing on Final Plat #03-41 to be known as Stonehedge Townhomes Third CID #242 by Sherm Stoflet located north of East Circle Drive, south of Stonehedge Estates Subdivision and along the west side of Stonehedge Drive NE.</p> <p>Wishing to be heard was Wade DuMond, Yaggy-Colby Associates, representing the developer. He noted agreement with the four conditions. He said that Mitzi Baker, Planning Department, has revised the second sentence of Condition #1 to read: ".....prior to recording the Final Plat, <u>if the second access is not completed and accepted by Rochester Public Works prior to recording said Plat.</u>" Mr. DuMond said that he was in agreement with the amendment to Condition #1.</p>

Agenda Item	
	<p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Nowicki moved, McConnell seconded, to adopt Resolution No. 036-04 approving Final Plat #03-41 to be known as Stonehedge Townhomes Third CID #242 by Sherm Stoflet with four conditions as amended. Ayes (5), Nays (0). Motion carried.</p>
E-15	<p>A Hearing on Amendment to General Development Plan #122 known as Century Hills by Payne Company on property located east of East Circle Drive, north of Silver Creek Road NE and south of Viola Road NE.</p> <p>Wishing to be heard was Wade DuMond, Yaggy-Colby Associates, representing the developer. He noted agreement with the six conditions.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Stobaugh moved, Nowicki seconded, to approve Amendment to General Development Plan #122 known as Century Hills with six conditions and instructed the City Attorney to prepare Findings of Fact, Conclusions of Law, and Order. Ayes (5), Nays (0). Motion carried.</p>
E-16	<p>A Hearing on Zoning District Amendment #03-18 by McDonald's Corporation to amend the zoning from R-3 to the B-1 on property located along the south side of 12th Street NE, east of the McDonald's Restaurant.</p> <p>The applicant requested that items E-16 and E-17 be continued to the February 2, 2004, meeting.</p> <p>Councilmembers Stobaugh moved, Means seconded, to continue Zoning District Amendment #03-18 by McDonald's Corporation and General Development Plan #216 to be known as McDonald's on North Broadway to the February 2, 2004, meeting. Ayes (5), Nays (0). Motion carried.</p>
E-17	<p>A Hearing on General Development Plan #216 to be known as McDonald's on North Broadway by McDonald's Corporation located at 1116 North Broadway.</p> <p>Continued to February 2, 2004. See Item E-16.</p>
E-18	<p>A Hearing on Vacation Petition #03-09 by DLT Partners LLC to vacate right-of-way for 3rd Avenue NW south of 31st Street NW.</p> <p>Wishing to be heard was Bill Anderson, Yaggy-Colby, representing the applicant. Mr. Anderson said that the vacation is the old township road located on the west side of the Villas. The south portion of the road was previously vacated. Mr. Anderson said that there was a delay in the vacation because it has been difficult to find out who the property owners are.</p>

Agenda Item	
	<p>Mike Nigbur, Public Works Department, said that Condition #1 should be changed to reflect that a drainage and utility easement over the westerly 45 feet of the right-of-way should be retained due to the inability to find the correct property owners.</p> <p>Terry Adkins, City Attorney, said that Condition #1 is not amended but that the legal description of the resolution would reflect the retainage of the 45 feet for drainage and utility.</p> <p>Wishing to be heard was Robert Hedman, 3016 Fourth Avenue N.W., one of the adjacent property owners. He asked who the vacated property goes back to.</p> <p>Mike Nigbur, Public Works Department, said that, after much research, the owners of the abutting land have no rights to the old right-of-way. His research indicates that the former owners of the property, Builder's Land Company, are no longer in business and the owners are no longer around.</p> <p>Wishing to be heard was Robert Hedman, 3016 Fourth Avenue N.W. He asked if a garden could be used on the property or buildings or plantings. He was also concerned with the grading that is happening now that it doesn't block the drainage.</p> <p>Mr. Hedman was told that the original owners of the property could tell him he had no right to use it. It was also noted that the easement is for drainage. Mr. Hedman was also told that Public Works will be monitoring the grading activity.</p> <p>Having no one further wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers Means moved, Nowicki seconded, to adopt Resolution No. 037-04 approving Vacation Petition #03-09 by DLT Partners LLC less the drainage and utility easement over the westerly 45 feet thereof. Ayes (5), Nays (0). Motion carried.</p>
E-19	<p>A Hearing on Text Amendment #03-09 to amend Section 60.175 regarding Fees of the Rochester Planning and Zoning Ordinance and Land Development Manual pertaining to development applications beginning in 2004.</p> <p>Having no one wishing to be heard, President Hunziker closed the hearing.</p> <p>Councilmembers McConnell moved, Stobaugh seconded, to approve Text Amendment #03-09 and instructed the City Attorney to prepare the required Ordinance for adoption. Ayes (5), Nays (0). Motion carried.</p>
G-2a	<p>An Ordinance Establishing the Salaries of the Mayor, Councilmember-At-Large, and Councilmember, was given a first reading.</p>
G-2b	<p>An Ordinance Amending and Reenacting Section 3.001 of the Home Rule Charter of the City of Rochester, Relating to the Notification Period for Special Elections to Fill Vacant Offices, was given a first reading.</p>

RECORD OF OFFICIAL PROCEEDINGS OF THE COMMON COUNCIL
CITY OF ROCHESTER, MINNESOTA
Annual Meeting No. 1 – January 5, 2004

6972

Agenda Item	
G-2c	An Ordinance Amending and Reenacting Subdivision 3 of Section 64B.100 of the Rochester Code of Ordinances, Relating to the Lane Covered by the Arboretum Special District, was given a first reading. (SD#1)
G-2d	An Ordinance Rezoning Approximately 2.95 Acres of Property From the H Zoning District to the R-1 Zoning District, and Amending Ordinance No. 2785, Known as the Zoning Ordinance and Land Development Manual of the City of Rochester, Minnesota, was given a first reading. (Zoning Dist Amendment #03-26 – East of 40 th Avenue SE, South of Highway 14)
G-2e	An Ordinance Rezoning Approximately 7.94 Acres of Property From the H Zoning District to the B-4 Zoning District, and Amending Ordinance No. 2785, Known as the Zoning Ordinance and Land Development Manual of the City of Rochester, Minnesota, was given a first reading. (Zoning District Amendment #03-23 – 4006 Highway 14 East)
G-2f	An Ordinance Amending and Reenacting Section 60.175 of the Rochester Code of Ordinances, Relating to Land Use and Development Processing Fees, was given a first reading. (Text Amendment #03-09)
G-3a	An Ordinance Amending and Reenacting Section 60.323 of the Rochester Code of Ordinances, Relating to Development Criteria for Special Districts, was given a second reading. Councilmembers Stobaugh moved, Nowicki seconded, to adopt the Ordinance as read. Ayes (5), Nays (0). Motion carried. (Text Amendment #03-08)
G-3b	An Ordinance Rezoning Approximately 2.40 Acres of Property From the R-1 Zoning District to the B05 Zoning District and 13.32 Acres of Property from the R-1 Zoning District to the R-1x Zoning District, and Amending Ordinance No. 2785, Known as the Zoning Ordinance and Land Development Manual of the City of Rochester, Minnesota, was given a second reading. Councilmembers McConnell moved, Nowicki seconded, to adopt the Ordinance as read. Ayes (5), Nays (0). Motion carried. (Zoning District Amendment #03-19 – South Side of Seventh Street NW, Along East Side of West Circle Drive, North of Lake Street NW)
J-1	Having no further business, Councilmembers Stobaugh moved, Nowicki seconded, to adjourn the meeting. Ayes (5), Nays (0). Motion carried.


City Clerk